



September 2006

## Lake County News

Lake County  
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Hours  
Monday-Friday  
8:00 a.m.—4:30 p.m.

County Committee  
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### **Non-Insured Crop Disaster Assistance Program**

The Non-Insured Crop Disaster Assistance Program (NAP) is designed to provide catastrophic coverage for all crops not covered by Federal Crop Insurance. These include alfalfa, grass hay, rye crops, grain hay and pasture. Producers interested in purchasing coverage for the 2007 crop year must do so by the following deadlines:

- Pasture, alfalfa, grass, mixed forage, oats and triticale hay—**10/01/06**
- Honey—**11/20/06**
- Barley, rye and wheat hay—**03/15/07**

Producers who currently have a 2006 Application for Coverage need to remember that they must file a NAP Notice of Loss within 15 days of a disaster condition or within 15 days of damage to the crop becoming apparent.

### **New Insurance Tool for Pasture, Rangeland & Forage**

The U.S. Department of Agriculture's Risk Management Agency (RMA) recently announced the approval of a new pilot program for pasture, rangeland and forage. The program is available through approved insurance providers in the following Oregon counties: Baker, Crook, Grant, Harney, Lake, Malheur, Union, Wallowa and Wheeler.

The Vegetation Index insurance program is an innovative pilot program which is based on vegetation greenness. The program is based on satellite imagery that determines the productivity of the acreage as a means to measure expected production losses.

The program is designed to allow maximum flexibility for the producer. For instance, producers are not required to insure all their acres, but rather may elect to insure only those acres that are important to their grazing

program or hay operation. Further, producers are not required to insure the acreage for the entire year. The crop year is divided into intervals and producers may elect to insure their acreage for only those intervals where the risk is the greatest.

The product will be available for sale from crop insurance agents beginning in late August. The sales closing date is November 30, 2006.

More detailed information about this new pilot program is available on the RMA website at: [www.rma.usda.gov/policies/pasturerangeforage/](http://www.rma.usda.gov/policies/pasturerangeforage/)

Crop insurance is sold and delivered solely through private crop insurance agents. Producers are encouraged to contact a local multi-peril crop insurance agent as soon as possible to learn additional details. A list of crop insurance agents is available at: [www3.rma.usda.gov/tools/agents/](http://www3.rma.usda.gov/tools/agents/)

### **FSA Signature Requirements**

Proper signatures on Farm Service Agency contracts, applications and forms must be submitted before the document will be considered as filed. All entities, including revocable and irrevocable trusts, corporations, partnerships, estates, etc., must provide evidence of signature authority stipulating those individuals who are authorized to represent the entity. FSA cannot accept signatures without such documentation on file.

Examples of acceptable evidence include trust agreements, corporate charters or resolutions, partnership agreements and court orders of appointment. Spouses can sign for one another on most program documents unless written notification denying a spouse this authority has been provided to the county office staff. An FSA-211 may be filed to delegate signature authority for FSA program purposes to another individual.

## **Payment Limitation Refresher**

Payment limitation rules are not new to anyone who has participated in a FSA program. The total annual payments that a “person” may receive under agricultural programs has been in effect since enactment of the Agricultural Act of 1970. The 2002 Farm Bill authorized payments to which payment limitation and payment eligibility provisions were applicable and added a \$2.5 million average adjusted gross income limitation.

Payment limitations include Direct and Counter-cyclical Payment Program, \$40,000 for direct payments and \$65,000 for counter-cyclical payments; Conservation Reserve Program, \$50,000; Non-insured Crop Disaster Assistance Program, \$100,000; and \$75,000 per crop year for Loan Deficiency Payments.

Some of the basic actively engaged categories used in review by county office staff are:

**“Person” Determinations** A “person” for payment limitation purposes may be many things, including an individual; a limited liability partnership; a limited liability company; a corporation; a joint stock company; an association; a limited stock company; a limited partnership; an irrevocable trust; a revocable trust together with the grantor of the trust; an estate; a charitable organization; and a state, political subdivision or agency thereof.

For an individual or entity to be considered a separate “person,” the individual or entity must have a separate and distinct interest in the land or crop involved, exercise separate responsibility for this interest and maintain funds or accounts separate from that of any other individual or entity for this interest.

**Status Date** The status of an individual or entity on April 1 of the applicable program year is the basis for determining the number of “persons” for payment limitation purposes for that year. Actions taken by an individual or entity after that date to increase the number of “persons” will not be recognized for the current program.

**Actively Engaged in Farming** A producer must be considered “actively engaged in farming” to be eligible for payments and benefits under some programs. Generally, in order to be considered “actively engaged in farming,” the producer must provide significant contributions to the farming operation, which are commensurate to the claimed share of the farming operation and the contributions must be at risk.

**General Rules** A producer must make a significant contribution of capital land, and/or equipment to the farming operation as well as a significant contribution of active personal labor and/or active personal management. “Active personal labor” and “active personal management” are labor and management that are actually performed by the

individual in question. The contribution of active personal management must be critical to the profitability of the farming operation, taking into consideration the individual or entity’s commensurate share in the farming operation.

**Cash-Rent Tenant Rule** A cash-rent tenant will be ineligible to receive payment on the cash-rented land unless the tenant makes a significant contribution of active personal labor, or, if labor is not provided, a significant contribution of management together with a significant contribution of equipment to the farming operation.

**Permitted Entities** No person may receive payments subject to these rules from more than three entities in which the person holds substantial beneficial interest, generally 10 percent or more. If an individual receives payments as an individual, the individual may not also receive payment from more than two entities that receive payment as a separate “person.” If an individual does not receive payment as an individual, the individual may not receive payment from more than three entities that receive payment as a separate “person.”

**Notification** All entities earning payment subject to these rules must report to their local FSA committee the name, address and Social Security number of each individual who owns, either directly or indirectly, any interest in such entity. The entity also is required to inform all members of the entity of the rules regarding payment eligibility and permitted entities. A contract to participate in the applicable programs will not be considered complete until this information is provided.

**Adjusted Gross Income** An individual or entity shall not be eligible to receive certain program benefits during a crop, program or fiscal year if **both** of the following apply:

- the average adjusted gross income (AGI) for the three tax years immediately preceding the year for which benefits are requested exceeds \$ 2.5 million
- less than 75% of the average AGI is derived from farming, ranching or forestry operations

Farm Service Agency program benefits subject to limitation will not be disbursed until:

- all required forms for the specific situation are provided
- necessary payment limitation and payment eligibility determinations are made

Producers are responsible for keeping the Farm Service Agency timely informed of any changes in their farming operation that may affect the payment limitation determinations.

## **FSA Farm Loans**

The Farm Service Agency makes both direct and guaranteed farm ownership and operating loans to family-size farmers and ranchers who cannot obtain commercial credit from a bank, Farm Credit System institution or other lender. FSA loans can be used to purchase land, livestock, equipment, feed, seed and supplies. The loans can also be used to construct buildings or make farm improvements. If you're having trouble getting commercial credit, check with the county office staff about eligibility, as well as maximum loan amounts, rates, term and use of proceeds.

If you have Internet access, visit <http://www.fsa.usda.gov/dafl/default.htm> to learn more about FSA loans.

## **Important Dates**

September 4, 2006—Office closed in observance of Labor Day holiday

October 1, 2006—Application closing date for NAP insurance

October 9, 2006—Office closed in observance of Columbus Day holiday

November 10, 2006—Office closed in observance of Veterans Day holiday

November 23, 2006—Office closed for Thanksgiving Day holiday

November 30, 2006—Sales closing date for Vegetation Index insurance program

## **Special Accommodations**

FSA programs are available to all eligible interested persons. Special accommodations will be made, upon request, for individuals with disabilities, vision impairment, or hearing impairment. If accommodations are required please contact the FSA office.

The United States Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation or marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Ave., SW, Washington D.C. 20250-9410 or call (202) 720-5964 (voice or TDD) USDA is an equal opportunity provider and employer.

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